

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 L-03 COME-00 CIAE-00

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E.O. 11652: NA

TAGS: EAIR,UK

SUBJECT: UK-UK CONSULTATIONS ON MIAMI-LONDON AIR FARES

1. FOLLOWING IS REPORT BY STYLES ON US-UK CONSULTATIONS ON MARCH 11 RE MIAMI-LONDON AIR FARES. IT HAS NOT BEEN CLEARED OTHER MEMBERS USDEL.

2. UK REPS NOTED THAT BECAUSE CAB DISAPPROVED IATA INCREASES, CERTAIN MIAMI-LONDON FARES (E.G. 22-45 DAY EXCURSION) WOULD UNDERCUT NEW YORK-LONDON FARES. THEY FELT THAT OTHER DISTORTIONS WOULD ALSO EXIST, E.G. HOUSTON-LONDON WOULD BE CHEAPER OVER MIAMI THAN OTHER US GATEWAYS. WE ACKNOWLEDGED SUCH DISTORTIONS POSSIBLE, BUT AIRLINES WERE FREE TO FILE PETITIONS FOR RECONSIDERATION PROPOSING NECESSARY ADJUSTMENTS.

3. UK REPS ALSO COMPLAINED (AS THEY DID IN OCTOBER CONSULTATIONS) THAT MIAMI-LONDON FARES WOULD UNDERCUT MID-ATLANTIC IATA AGREEMENT. WE POINTED OUT THIS MAY BE TRUE, BUT NO AIRLINE, INCLUDING BRITISH AIRWAYS, HAD MENTIONED THIS IN AIRLINE SUBMISSIONS TO CAB.

4. MAIN POINT OF CONTENTION, HOWEVER, WAS THAT CAB DECISION LOOKED ONLY AT NATIONAL AIRLINES COSTS AND PERFORMANCE; THAT IT WAS UNFAIR AND UNREASONABLE TO SEGREGATE MIAMI-

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LONDON FROM OTHER MARKETS; AND THAT THERE WAS NO CONSIDERATION OF BRITISH AIRWAYS POSITION. WE COUNTERED THAT BRITISH AIRWAYS HAD PRESENTED NO DATA TO CAB TO JUSTIFY ITS POSITION AND INVITED UKDEL TO PROVIDE JUSTIFICATION DATA IN THESE CONSULTATIONS. UK REPS SAID THEY WOULD NOT PROVIDE DATA AS A MATTER OF POLICY AND SUGGESTED AGREEMENT BE REACHED BY MORE-OR-LESS ARBITRARY SPLITTING OF DIFFERENCES. WE SAID

THIS WAS OUT OF QUESTION. IF UK NOT PREPARED SUBMIT COST DATA, IT WAS UP TO UK TO PROPOSE SOME OTHER ECONOMICALLY SENSIBLE BASIS ON WHICH TWO SIDES COULD "ENDEAVOR TO REACH AGREEMENT ON THE APPROPRIATE FARE." WHEN UKDEL WAS UNABLE SUGGEST SUCH AN ALTERNATIVE, BOTH SIDES AGREED THERE WAS NO POINT IN CONTINUING DISCUSSION.

5. DURING DISCUSSION, UK REPS TOOK POSITION THAT TWO SIDES WERE OBLIGED TO REACH AGREEMENT, FAILING WHICH UK WOULD NO LONGER TOLERATE AIRLINES OFFERING DIFFERENT FARES. WE REMINDED UKDEL THAT BILATERAL SPOKE OF "ENDEAVORING" TO REACH AGREEMENT. IF, HOWEVER, AGREEMENT COULD NOT BE REACHED, IT WAS IMPLICIT IN BILATERAL THAT EXISTING FARES SHOULD CONTINUE TO APPLY. WE NOTED UK HAD ITSELF TAKEN THIS POSITION IN OCTOBER CONSULTATIONS, AND THAT ONLY QUESTION AT THAT TIME WAS WHAT THE EXISTING FARES WERE (E.E. PREVIOUS WINTER OR SUMMER SHOULDER). UK REPS ARGUED THAT US COURT DECISION DID NOT CONTROL BILATERAL SITUATION (WE AGREED) BUT THEY CONVENIENTLY HAD A LAPSE IN MEMORY OVER WHAT THEY SAID IN OCTOBER. WE REPORT THIS DISCUSSION BECAUSE IT APPEARS WE HAVE UK IN A BOX. WHEN CAB SUSPENDS BA FARE FILING, COURT DECISION MEANS BA IS OBLIGED UNDER US LAW TO OFFER SAME FARES IT OFFERED IN WINTER, WHICH ARE LAST SUMMER'S SHOULDER SEASON FARES, WHICH ARE LOWER THAN FARES CAB PREPARED APPROVE THIS SUMMER. NATIONAL, ON OTHER HAND, WILL HAVE TO REFILE EXISTING FARES WITH UK. IF UK ATTEMPTS TO DISAPPROVE THESE FARES, WE CAN ARGUE (AS UK HAS ITSELF DONE) THAT BILATERAL DOES NOT PERMIT DISAPPROVAL OF EXISTING FARES. WHILE WE HAVE ARGUED IN PAST THAT LIMITED OFFICIAL USE

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CONTROL OVER EXISTING FARES IS POSSIBLE, WE HAVE NEVER PRESSED THIS ARGUMENT TO POINT OF ENFORCING CAB DECISIONS (E.G. EXCESS BAGGAGE), AND IN ANY EVENT EXISTING RATE ARTICLE WILL NO LONGER BE APPLICABLE IN 3 MONTHS.BEAUDRY

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Sent Date: 14-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
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